



January 19, 2011

SENATE BILL No. 13

DIGEST OF SB 13 (Updated January 18, 2011 10:22 am - DI 73)

Citations Affected: IC 22-4.

Synopsis: Income tax withholding. Provides that beginning in 2012, an individual may elect to have state income tax and local income tax withheld from unemployment compensation received by the individual.

Effective: July 1, 2011.

Boots, Buck, Randolph

January 5, 2011, read first time and referred to Committee on Tax and Fiscal Policy.
January 18, 2011, amended, reported favorably — Do Pass.

SB 13—LS 6099/DI 73+



January 19, 2011

First Regular Session 117th General Assembly (2011)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

SENATE BILL No. 13

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 22-4-17-2.5, AS AMENDED BY P.L.3-2008,
2 SECTION 159, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2011]: Sec. 2.5. (a) When an individual files an
4 initial claim, the individual shall be advised of the following:

5 (1) Unemployment compensation is subject to federal, state, and
6 local income taxes.

7 (2) Requirements exist concerning estimated tax payments.

8 (3) ~~After December 31, 1996,~~ The individual may elect to have
9 income taxes withheld from the individual's payment of
10 unemployment compensation. If an election is made, the
11 department shall withhold federal income tax at the applicable
12 rate provided in the Internal Revenue Code.

13 (4) **After December 31, 2011, the individual may elect to have**
14 **state adjusted income tax imposed under IC 6-3 and local**
15 **taxes imposed under IC 6-3.5 deducted and withheld from the**
16 **individual's payment of unemployment compensation. If an**
17 **election is made, the department shall withhold state adjusted**

SB 13—LS 6099/DI 73+



1 **gross income tax imposed under IC 6-3 and local taxes**
2 **imposed under IC 6-3.5 at the applicable rate prescribed in**
3 **withholding instructions issued by the department of state**
4 **revenue.**

5 ~~(4)~~ (5) An individual is allowed to change an election made under
6 this section.

7 (b) Money withheld from unemployment compensation under this
8 section shall remain in the unemployment fund until transferred to the
9 federal taxing authority **or the state (as appropriate)** for payment of
10 income taxes.

11 (c) The commissioner shall follow all procedures of the United
12 States Department of Labor, ~~and~~ the Internal Revenue Service, **and the**
13 **department of state revenue** concerning the withholding of income
14 taxes.

15 (d) Money shall be deducted and withheld in accordance with the
16 priorities established in regulations developed by the commissioner.

